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Before the
Federal Communications Commission
Washington, D.C. 20554

NOV 1995

In the Matter of)
)
Amendment of the Commission's Rules)
and Policies to Increase Subscribership and) CC Docket No. 95-115
Usage of the Public Switched Network)

REPLY COMMENTS OF BELL ATLANTIC¹

The overwhelming majority of commenters -- including a cross-section of local exchange carriers, interexchange carriers, state commissions, and others -- agree that the issues raised in the Notice² are best addressed at the state level. Overall, subscribership is at a high level. To the extent there are pockets of low penetration within some states, the record shows that the reasons for low subscribership vary widely, and states are in the best position to target policies and programs to the need. By contrast, a nationwide mandate may not remedy the targeted problem, but it would cost consumers and carriers millions in implementation costs, uncollectables, and administrative expenses.

The few parties that urge the Commission to impose nationwide regulations ignore the social costs to the many that would result from rules that benefit

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

² *Notice of Proposed Rulemaking*, FCC No. 95-281, CC Docket 95-115 (rel. July 20, 1995) ("Notice").

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only a very few. Most telephone subscribers pay their bills on time. Most of the rest are able to work out mutually-acceptable payment arrangements, and Bell Atlantic and other exchange carriers try to accommodate their needs. Broad regulations, such as a prohibition on denial of local service for non-payment of toll bills ("DNP"), even when imposed on a state-wide basis, harm the vast majority of consumers by causing bad debt to soar³ and pushing administrative costs through the roof.⁴ DNP prohibitions have also become an open invitation for fraud, as unscrupulous subscribers use loopholes in the law to avoid paying for the services they enjoy.⁵

All this despite statistics showing that high toll bills are frequently not the root cause of many customers' difficulties. For example, Bell Atlantic recently sampled its Pennsylvania customers whose local service was disconnected for non-payment and found that some 70% had only \$20.00 or less in unpaid toll calls prior to disconnection, while nearly 45% had no pending toll charges at all. In addition, Bell Atlantic-Pennsylvania's experience is that the percentage of customers who have had their toll service cut off for non-payment of long distance bills and later fail to pay their local bills is three times the percentage of all customers who fail to pay for local service. Therefore, in many instances, prohibiting disconnection of local service for non-payment of toll will serve only

³ *See, e.g.*, Comments of Pacific Bell and Nevada Bell on the Notice of Proposed Rulemaking at 18, MCI Comments at 15-16, Comments of OAN Services, Inc. at 3.

⁴ *See, e.g.*, GTE's Comments at 35-37, Comments of Rochester Telephone Company at 4-6.

⁵ *See e.g.*, Comments of the Competitive Telecommunications Association at 4, GTE's Comments at Att. C

to postpone the day when local service is cut off as well. Meanwhile, uncollectables continue to mount up

Finally, there is no evidence of any correlation between prohibiting DNP and increased subscribership.⁶ To the contrary, as pointed out in Bell Atlantic's opening comments, in Pennsylvania where DNP has been prohibited, the rate of subscriber growth has lagged behind that of other Bell Atlantic jurisdictions that continue to permit DNP and has trailed the national average.⁷ Therefore, a Commission prohibition order, even if lawful, would result in the worst of both worlds. It would sharply increase the carriers' costs but would not increase subscribership

Moreover, as Bell Atlantic has shown, the Commission does not have jurisdiction to prohibit states from denying local service.⁸ Likewise, the Commission does not have the authority to mandate multiple-balance billing, as the Maine PUC proposes.⁹ Moreover, requiring exchange carriers to isolate the billing of interstate calls from other services, would be expensive and of little value. Bell Atlantic does not, anywhere in its region, separately show billing for interstate and intrastate toll calls. To require such separate billing would mean that Bell Atlantic would need to divide the toll calls placed with each interexchange carrier for which it bills into interstate and intrastate. Such a

⁶ *See, e.g.*, Comments of Gateway Technologies, Inc. at 2-3

⁷ Comments of Bell Atlantic at 3

⁸ *Id.* at 9-11.

⁹ Letter dated September 26, 1995 from Christopher Simpson, Administrative Director, Maine Public Utilities Commission, to the Secretary, Federal Communications Commission, at 3-4.

process would be a useless exercise that would be unnecessary to comply with state DNP policies.

Moreover, the Commission has no authority to prescribe multiple balances, or other billing requirements, in connection with intrastate services, whether local or toll. In asserting jurisdiction over billing and collection of interstate services in 1986, the Commission invoked its Title I authority, arguing that billing and collection is “incidental” to interstate and foreign communications.¹⁰ That authority does not, however, extend to billing for intrastate toll and local services, which Title I of the Act leaves to exclusive state jurisdiction.¹¹ Accordingly, the Commission has no authority to prescribe multiple-balance billing in connection with intrastate and local services.

Even if the Commission were to consider asserting such authority, it should not as a matter of policy attempt to preempt the states. Where states require such multiple-balance billing to implement their DNP policies, they have ample authority to do so. Where they find no need for carriers to show multiple balances, there is no justification for requiring carriers to undertake the expense of altering their billing systems to show multiple balances. This issue should be left to state determination.

Two new local exchange service providers point out that increased competition will offer new service choices, presumably including low-priced services, that

¹⁰ *Detariffing of Billing and Collection Services, Report and Order*, 102 F.C.C. 2d 1150, ¶ 36 (1986), citing 47 U.S.C. §§ 152 (a) and 153 (a).

¹¹ *See* 47 U.S.C. § 152 (b).

themselves will increase subscribership.¹² Teleport also asks that Lifeline and Link-up assistance be available to customers who choose any local exchange provider, not just the incumbent provider.¹³ This issue, too, should be left to the states, to be decided in concert with each state's competitive policies.

In the event the Commission does adopt any of the requirements proposed in the Notice, however, it should extend them to new local exchange competitors as well as incumbents.¹⁴ New exchange entrants have been asking state commissions to treat them the same way as incumbent exchange carriers. If they want the benefits of equal treatment, including the access to low-income programs that Teleport seeks, they should be required to incur equal obligations, including any subscribership requirements that the Commission -- or a state -- imposes on exchange carriers.

¹² Comments of MFS Communications Company, Inc. at 2-4, Comments of Teleport Communications Group Inc. ("Teleport") at 1-4

¹³ Teleport at 4-6.

¹⁴ *See* GTE's Comments at 4

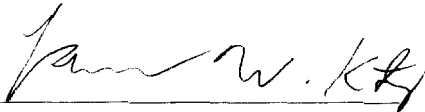
The Commission should leave to the states programs aimed at increasing subscribership and should not adopt the nationwide programs that it proposed in the Notice.

Respectfully Submitted,

**The Bell Atlantic Telephone
Companies**

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply Comments of Bell Atlantic" was served this 20th day of November, 1995 by hand on the parties on the attached list.

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